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DEPARTMENT FOR EUR/RUS AND EAP/CM  
NSC FOR WILDER

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TAGS: [PREL](#) [ETRD](#) [ENRG](#) [RS](#) [CH](#)

SUBJECT: PRC/RUSSIA: MFA ADDS DETAILS ON SECURITY AND TRADE  
DISCUSSIONS DURING HU'S TRIP TO RUSSIA

REF: BEIJING 2138

Classified By: Political External Unit Chief Edgard Kagan. Reasons 1.4  
(b/d).

Summary

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11. (C) Personal friendship between Presidents Hu and Putin contributed to the success of Hu Jintao's March 26-28 visit to Russia, according to an MFA official who accompanied Hu on the trip. The MFA readout emphasized cultural and trade activities associated with opening of the China Year in Russia (reftel) but added new details about discussions on security, trade and energy. Hu and Putin discussed threats posed by the DPRK and Iran, what they termed a worsening situation in Iraq and the United States, although the official emphasized that Sino-Russian ties are not directed against any third country. They discussed imbalance in the bilateral trade structure, especially increasing Russian energy exports and a precipitous drop in Russia's export of manufactured goods. Russia's new Defense Minister is visiting Beijing to discuss arms sales, a visit our contact characterized as a regular, periodic visit not linked to the Presidents' meeting or to other Sino-Russian political coordination mechanisms. END SUMMARY.

Comprehensive Coordination, Friendly Leadership Ties  
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12. (C) Exchanges between Presidents Hu and Putin were friendly and casual during Hu's March 26-28 visit to Russia, allowing the two to add depth to the China-Russia strategic partnership and establish a direction for stable development of future relations, MFA Eurasian Department Russian Affairs Division Director Counselor Wu Xiaoying told us April 3. Wu, who accompanied Hu on the visit, said the economic, cultural and people-to-people exchanges involved in ceremonies for the Year of China in Russia and China National Trade Exhibition dominated the visit, which aimed to build a foundation for future relations (reftel).

13. (C) The Russians made great efforts to celebrate President Hu's third state visit to Moscow, which will likely be the last state visit during Putin's presidency, Wu said. The Joint Statement and other agreements signed during the trip were not controversial, with "98 percent" agreement on the content set out in Russia's first draft. Friendly ties and the close coordination, conducted under the framework of a high-level "Comprehensive Affairs Committee," makes this agreement easier, Wu said. The committee has two main tracks: a high-level dialogue on economic and trade issues,

led by Vice Premier Wu Yi (who joined Hu on the trip), and a second track focused on cultural and people-to-people exchanges, led by State Councilor Chen Zhili.

#### New Details on Security, Trade Talks

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¶4. (C) The discussion of security issues between Hu and Putin focused on the changing nature of global threats, with significant discussion on non-traditional security threats, including environmental pollution, energy security, terrorism and infectious disease, Wu said. The leaders agreed that the Iran and DPRK nuclear issues are the most significant global security threats. The two discussed coordinating China and Russia's approaches on these issues within the UN and in their discussions with Pyongyang and Tehran. They expressed concern about the ongoing conflicts in Iraq, which they saw as worsening, and in the broader Middle East. The Shanghai Cooperation Organization (SCO) and joint military exercises to be hosted in Russia were also significant topics of discussion, Wu said.

#### No Alliance or Targeting of the United States

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¶5. (C) Hu and Putin discussed the United States in general terms, Wu said, but America was not an agenda item in the talks "because the United States is not a global problem and our agenda was to discuss problems in the world." The China-Russia strategic partnership is not aimed at any third country, she stressed. China adheres to a policy of eschewing military alliances. While China-Russia ties are strong, including in the security field, they should not be seen as an alliance or an anti-United States axis, she said.

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#### Defense Minister in China To Talk Arms Sales

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¶6. (C) Newly appointed Russian Defense Minister Anatoly Serdyukov's visit to China is part of a regular series of consultations between the two countries and was not related to the leadership visit, Wu said. Former Defense Minister Sergei Ivanov had been slated to visit China earlier this year to discuss Russian arms sales but the visit was delayed until April when Serdyukov replaced Ivanov on February 15. The \$4.2 billion in contracts signed during Hu's visit to Russia did not include any military sales, Wu confirmed.

#### Concern About Structure of Trade, Energy

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¶7. (C) Presidents Hu and Putin spent most of the time in their bilateral talks on discussing how to strengthen ties in energy, trade and high-technology sectors, Wu said. On trade issues, the two leaders discussed ways to alter the structure of bilateral trade, which is dominated by Russian exports of energy and raw materials. Both sides are concerned that Russian exports of machinery and electronics have dropped significantly in recent years and now total only 0.6 percent of the products China imports from Russia. A desire to broaden the trade base is why China sent over 200 companies to participate in a major trade exhibition, she said.

¶8. (C) President Hu emphasized the importance of China as a "stable" market for Russian energy supplies. Wu said Russia appears to be paying increased attention to its Pacific market, although it remains focused on controlling the means of energy transport for political ends, especially in the former Soviet Union. As a nearby, large and stable market for Russian energy, China expects to get a significant share of energy resources and Russian officials expressed a desire to continue diversifying Moscow's export market away from excessive reliance on sales to Europe. Disputes over the

construction of oil and gas pipelines to China were discussed, but not in detail, Wu said.

#### Special Briefing For United States

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¶9. (C) Wu noted that her briefing to us was a special "one-on-one" session for the United States. (Note: It was a departure from past practice as we often have great difficulty getting officials of the MFA Russia Division to meet with us. End Note.) Immediately after our meeting, she provided a separate group briefing on President Hu's trip to some 30 other interested members of the diplomatic corps, according to Dutch and European Commission diplomats who attended that briefing. According to Dutch and EU Commission diplomats, the substance of Wu's presentation to them largely tracked that of her "special" briefing to us.

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